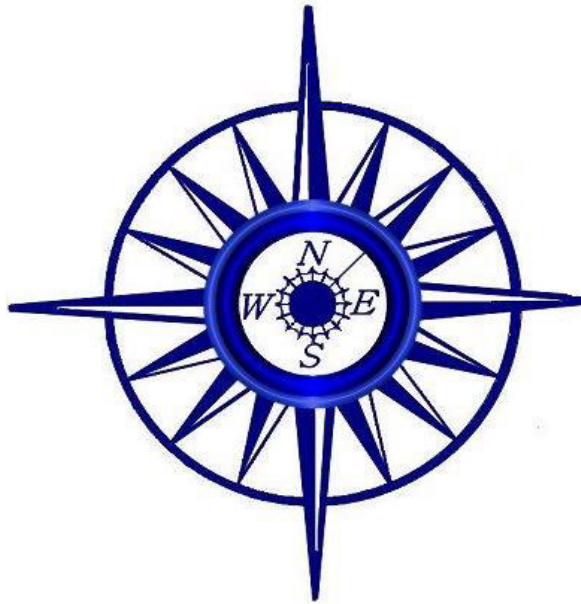


# RGGI Model Rule Discussion



## Next Steps for Modeling and Program Design

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New Hampshire DES RGGI Meeting



# ENE Model Rule Outline

- **Goal:** stimulate discussion that feeds into the modeling process and final rule design
- **Purpose:** create a framework and design that makes sense and propose some starting targets for modeling and discussion (cap levels, allocation, offsets, etc)
- **Next Steps:** Meetings with environmental groups, regulators, and companies to explain our thinking and identify differences of opinion and areas of common ground

# Key Policy Issues for ENE

- **Program Goal:** a policy and program with real environmental benefits and integrity that is replicable and expandable, but which delivers the benefits at a relatively low economic cost to the states
- **Key Policy Issues:**
  - Cap Level & Design
  - Allowance Apportionment & Allocation
  - Flexibility Mechanisms & Offsets

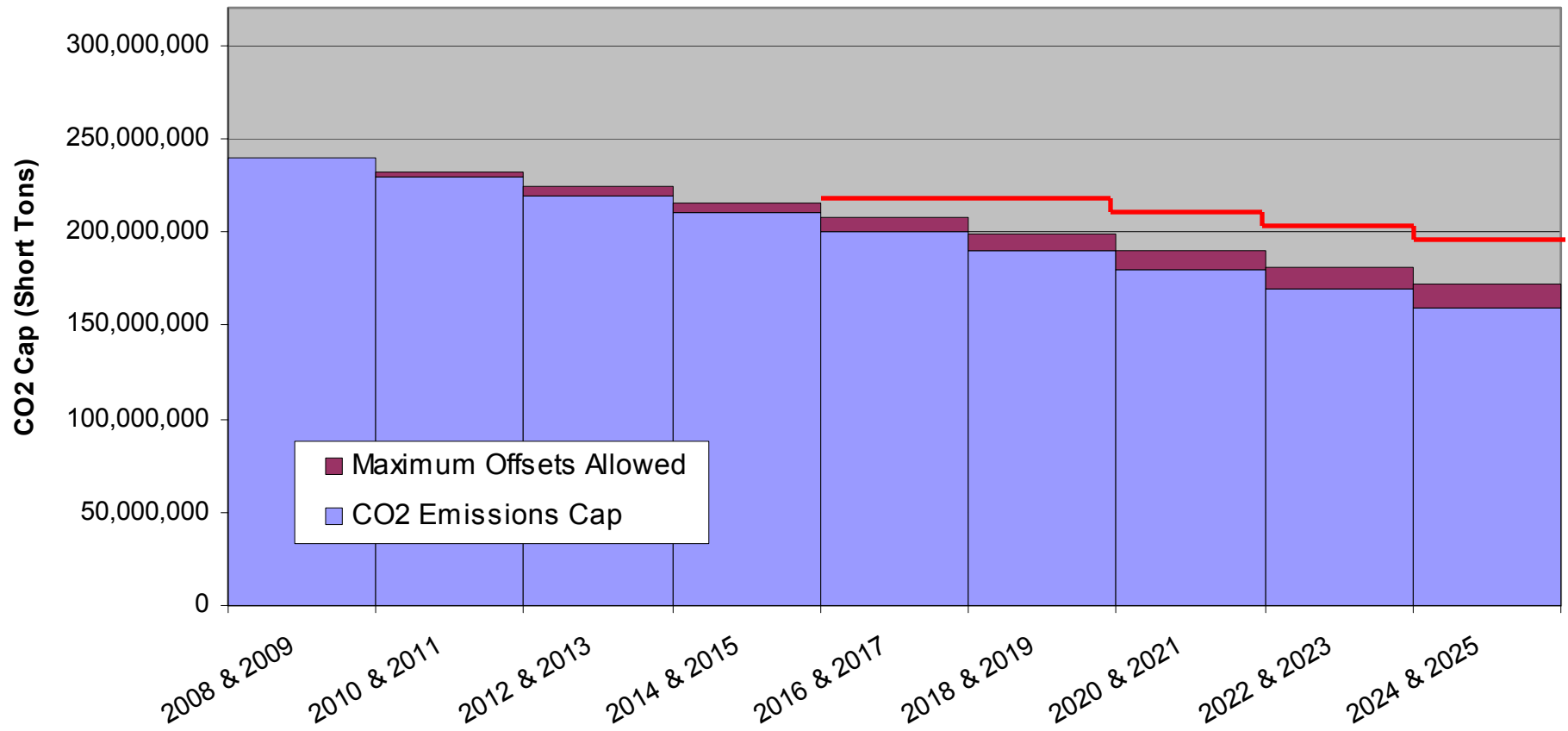
# Cap Level & Design

- **Target:** 25% reduction in emissions from today's levels by 2020
- **Starting Point:** cap should begin at average emissions from 2000-4 (collect new data)
- **Regular Decline:** The cap should decline every two years to achieve the 2020 target
- **Circuit Breaker:** a circuit breaker mechanism should be considered that would delay the cap decline if average allowance prices exceed \$30/ton CO<sub>2</sub>



# Cap Level & Design

**Figure 2: Proposed CO<sub>2</sub> Cap Levels with Time**  
Regional Greenhouse Gas Initiative



# Apportionment & Allocation

- Initially the allowances should be distributed equally (50/50) between consumers and generators
- Consumer Allocation: Keep the total cost of the program low by investing in energy efficiency (no load growth) and the clean energy technologies of tomorrow
  - Lower or zero load growth will keep the cost of the program low and allow us to achieve real reductions
- Fossil generators should receive allowances on an output basis with updating

# Flexibility Mechanisms

- Banking – unlimited
- Borrowing – none
- Limited Offset Program
  - Our focus is on the process and the criteria – not project types
  - Environmental integrity
  - Limited offset quantity – most emissions reductions from the regulated entities
  - Within the RGGI region
  - Regional rule and pre-approval body



# Contact Information

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